

UNDERSTANDING DEBT PROCESSING

Q1. I was overpaid 3 hours of night differential pay (\$6.16) last pay period. This pay period my Leave and Earnings Statement (LES) showed –1.13 hours and – 1.74 in the amount field in the section called “Retroactive Earnings”. Also the remarks block had a debt statement. Why didn’t payroll collect the whole 3 hours and all of the overpayment?

A1. When the payroll system processes a retroactive pay correction that indicates an employee was overpaid for a prior pay period (in the current pay year) an automatic process identifies all of the deductions associated with the overpayment. Then all of the deductions are collected against the indebtedness. When you were paid the 3 hours of night differential your gross pay was increased \$6.16 and your net was increased \$4.42. The total of all of the deductions (federal income tax, state income tax, Medicare, etc.) was \$1.74. The payroll process collects the deductions so the remaining amount is the net amount you received and the net amount you still owe. You will receive a letter from the payroll office notifying you of the remaining amount you owe and how it will be collected.

When deductions are collected on an overpayment the current pay period LES will have “INDEBTEDNESS COLLECTED FROM RETROACTIVE EARNINGS AND/OR ADJUSTED DEDUCTIONS” printed in the remarks section. You did not have retroactive earnings, so the indebtedness was collected from the adjusted deductions only. The collection of the adjusted deductions does not change your basic net pay for the current pay period because only the previously withheld deductions are effected.

Anytime a prior pay period time and attendance correction is processed the remarks block of the LES will have the statement:

“RETROACTIVE TIME AND ATTENDANCE ADJUSTMENTS PROCESSED”.

If a prior pay period personnel action was processed the LES will have the statement:

“RETROACTIVE PERSONNEL DATA PROCESSED”

These statements could reflect either an underpayment or overpayment for a prior pay period. These remarks will be printed on the LES whenever the action is retroactive. The retroactive earnings section will show the amounts processed for the action. If you have a question about the adjustment, contact your timekeeper for T&A adjustments and the personnel office for any personnel adjustment.

Q2. I was due a within grade increase (WGI) last pay period. When payroll processed my WGI this pay period, I did not receive the retroactive money I was due. Why didn’t I receive additional money for last pay period?

A2. You had a retroactive time and attendance correction that removed 2 hours of overtime pay for a previous pay period that was processed at the same time your retroactive WGI was processed.

The retro activation process is a biweekly payroll program that identifies any overpayment created from a prior pay period and offsets these overpayments from retroactive entitlements processed in the current pay period.

The process will calculate the aggregate net amount of the overpayment and the aggregate net amount of the entitlement adjustment. Then the process determines the difference between the two aggregate net amounts. If the net difference is a payment due to the employee, the process will activate all of the adjustments and pay the employee any remaining entitlement. If the net difference is a debt due from the employee the entitlement adjustment will be used to offset the maximum amount of the overpayment.

The process will also use the negative deductions associated with the overpayment to offset the amount of the debt. The remarks section of the LES will have the statement: "INDEBTEDNESS COLLECTED FROM RETROACTIVE EARNINGS AND/OR ADJUSTED DEDUCTIONS". You had retroactive earnings, so the indebtedness was collected from the retroactive earning and the adjusted deductions.

Q3. What is this deduction for Bank of America?

A3. This deduction is for a debt incurred on the Government issued Bank of America Credit Card. The LES remarks section states: "CONTACT YOUR AGENCY COORDINATOR FOR INFORMATION ABOUT DEDUCTION FOR DOD TRAVEL CARD DEBT". The payroll office must refer you to your activity Credit Card Coordinator or the Bank of America for disputed debts. The customer service number for Bank of America is 1-800-492-4922.

Q4. What occurred to let you know that I was indebted?

A4. A change was made by personnel office or your timekeeper made a correction/change to previously entered time and attendance. These transactions are identified on payroll office reports indicating you are indebted. The payroll office then starts the notification and collection process.

Q5. Why was an involuntary deduction taken from my pay before I received a notification letter?

A5. If the debt is \$50.00 or less if the debt was processed within the last 4 pay periods, deductions can be made and you are notified as soon as possible.

For debts of more than \$50.00 and outside of the 4 pay period window you were notified by a letter from the payroll office to repay the debt or establish a repayment agreement with the payroll within 30 (45 for overseas accounts) days. If you did not repay the debt or establish a repayment agreement the payroll office will begin involuntary deductions. A maximum of 15% of your net disposable pay is collected for debt repayment.

Q6. Why was my Living Quarters Allowance (LQA) adjusted causing indebtedness?

A6. All changes and adjustments to LQA are processed by your servicing HRO. If changes made caused you to be overpaid then the payroll office is responsible for collection of the debt.

All questions about the amount of your LQA entitlement should be directed to your personnel office.

Q7. Do you charge interest on my debt?

A7. Interest and service charges may be applied to debts.

Q8. Why was my debt sent to Denver for collection?

A8. Upon your separation your payroll records indicated you had been overpaid. The payroll office must notify you by letter of the overpayment. If you do not respond to the notification letter and are no longer serviced by a DOD payroll office (Charleston, Pensacola or Denver) the debt is transferred to the Defense Debt and Claims Management office at Denver, Co for collection.

Q9. How do I file a wavier?

A9. Guidance for filing a wavier can be found in the DOD Financial Management Regulation, Volume 8, paragraph 080306, which can be found on the World Wide Web at <http://www.dtic.mil/comptroller/fmr>. Deductions of the debt will continue until the wavier is approved or disapproved.